

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: March 20, 2012

SUBJECT: Fiscal Impact Statement – “Medicaid Provider Preventable Conditions Payment Adjustment Policy Approval Resolution of 2012”

REFERENCE: Draft legislation, shared with the Office of Revenue Analysis on March 9, 2012

Conclusion

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the proposed resolution.

Background

The proposed resolution would approve an amendment to the District of Columbia State Plan for Medical Assistance (“State Plan”) to authorize the District to deny Medicaid payments for claims associated with Provider Preventable Conditions (PPCs). PPCs include preventable medical conditions like hospital infections that a patient acquires subsequent to admission to a care facility, as well as preventable procedures such as certain surgical mistakes undertaken in any health care setting.

Section 2702 of the federal Patient Protection and Affordable Care Act of 2010¹ prohibits Medicaid payment to states for any amount expended when providing medical assistance for PPCs. The District’s State Plan must be in compliance with the federal regulations by July 1, 2012.

Financial Plan Impact

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the proposed resolution. The District will not incur a cost for implementing this amendment.

¹ PPACA was approved March 23, 2010 (Pub. L. No. 111-148; 124 Stat. 119).

The Honorable Kwame R. Brown

FIS: "Medicaid Provider Preventable Conditions Payment Adjustment Policy Approval Resolution of 2012,"
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Implementation should lead to some cost savings once the District's Medicaid program no longer reimburses providers for PPCs, but analysis from other states suggests that the number of instances would be small, and there is insufficient local data to estimate possible savings.